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74-0008

Audit Of The United States Senate  
Restaurants For The Period  
June 25, 1972, To June 30, 1973

B-114871

Architect of the Capitol

**BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

~~904698~~

MARCH 26, 1974

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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-114871

The Honorable George M. White  
Architect of the Capitol UTH 13

Dear Mr. White:

We have audited the United States Senate Restaurants for the period June 25, 1972, to June 30, 1973, pursuant to section 5 of the act of July 6, 1961 (40 U.S.C. 174j-5).

GENERAL COMMENTS

The Senate Restaurants are operated primarily for Senators and employees of the United States Senate. The Architect of the Capitol is responsible for the management of the restaurants subject to the direction of the Senate Committee on Rules and Administration, as provided by the act of July 6, 1961 (40 U.S.C. 174j-1).

The Senate Restaurants consist of the following facilities and are normally open at the hours indicated. During recess or adjournment other operating hours may be in effect.

<u>Facility</u>	<u>Monday</u>		<u>Saturday</u>	
	<u>through Friday</u>		<u>Open</u>	<u>Close</u>
	<u>Open</u>	<u>Close</u>	<u>Open</u>	<u>Close</u>
	<u>a.m.</u>	<u>p.m.</u>	<u>a.m.</u>	<u>p.m.</u>
Capitol:				
Dining rooms:				
Senators' (note a)	8:00	4:30	8:00	2:00
Public and press (note a)	8:00	4:30	Closed	
Family	11:00	3:00	Closed	
Senators' private	11:00	3:00	Closed	
Snackbar (note a)	7:30	7:00	Closed	
Dirksen Office Building:				
Cafeterias:				
North (staff)	8:00	4:00	Closed	
South (visitors) (note b)	11:00	3:00	Closed	
Carryout	8:00	7:00	Closed	
Senators' dining room	11:00	3:00	Closed	
Cigarstand	8:00	4:00	Closed	

	Monday		Saturday	
	through Friday			
	Open	Close	Open	Close
	a.m.	p.m.	a.m.	p.m.
Russell Office Building:				
Coffee shop	8:00	4:00	8:00	2:00
Vending section		24 hours daily		
Cigarstand	8:00	4:00	8:00	2:00

<sup>a</sup>Remains open as long as Senate is in session.

<sup>b</sup>May be reserved for staff at peak periods.

Funds for operating the restaurants are provided by sales and by transfers from the appropriation for the contingent expenses of the Senate. The Legislative Branch Appropriation Act, 1972 (Public Law 92-51, approved July 9, 1971), amended section 4 of the act of July 6, 1961 (40 U.S.C. 174j-4), by striking out the last sentence and inserting:

"Any amounts appropriated for fiscal year 1972 and thereafter from the Treasury of the United States specifically for such restaurants as a 'Contingent Expenses of the Senate' item for the particular fiscal year involved, shall be paid to the Architect of the Capitol by the Secretary of the Senate at such times and in such sums as the Senate Committee on Rules and Administration may approve. Any such payment shall be deposited by the Architect in full under such special deposit account."

For fiscal year 1973, \$350,000 was appropriated for operating the Senate Restaurants. These funds are deposited in the U.S. Treasury to the credit of the Senate Restaurants Revolving Fund. Funds appropriated to the Architect of the Capitol for construction or maintenance are available to the restaurants for purchasing equipment. Equipment purchases are not recorded as assets of the restaurants.

A comparative statement of assets and liabilities of the Senate Restaurants Revolving Fund on June 30, 1973, and

June 24, 1972; a comparative statement of operations for fiscal years 1970, 1971, 1972, and 1973; and a statement of changes in financial position for fiscal year 1973 are presented as schedules 1, 2, and 3. A comparison of sales and operating results for each of the restaurant facilities for fiscal year 1973 is included as an exhibit.

The Legislative Branch Appropriation Act for fiscal year 1972 provided that management personnel salaries and miscellaneous expenses, such as paper, cleaning, and laundry, of the Senate Restaurants may be paid from the Senate Office Building appropriation. Management personnel salaries and miscellaneous expenses of the restaurants paid from or obligated against this appropriation during fiscal year 1973 amounted to \$436,823 as compared to \$398,291 for fiscal year 1972. These amounts were not considered in determining the net operating loss of the restaurants for the periods audited. (See sch. 2.)

#### ACCOUNTING CHANGE

Because the accounting period of the restaurants is every 4 weeks instead of monthly, periodically the final accounting period must be changed from 4 to 5 weeks to enable the end of the restaurants' fiscal year to more closely approximate or coincide with the end of the Government's fiscal year. This year the final accounting period was changed from 4 to 5 weeks so that the restaurants' fiscal year ended on June 30, 1973.

#### ACCOUNTS RECEIVABLE

A comparison of the receivables from customers at June 30, 1973, and June 30, 1972, follows.

<u>Days outstanding</u>	<u>June 30, 1973</u>		<u>June 30, 1972</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
0 to 30	\$16,480	49.5	\$13,302	76.3
31 to 60	11,693	35.2	2,324	13.3
61 to 90	2,607	7.8	1,016	5.8
Over 90	<u>2,488</u>	<u>7.5</u>	<u>785</u>	<u>4.6</u>
Total	<u>\$33,268</u>	<u>100.0</u>	<u>\$17,427</u>	<u>100.0</u>

FOOD COST ANALYSES

Our last year's report (B-114871, Jan. 18, 1973) stated that in 1970 we assisted the restaurants' management in making management studies, including food cost analyses of menu items. We assisted in making the food cost analyses with the understanding that the Administrative Officer of the restaurants would continue to update them. These analyses are used (1) to maintain food costs at the desired level and (2) as support for requests to the Subcommittee on the Restaurants for an increase in prices should it become necessary. For convenience, all analyses are supposed to be in the Master Food Cost Analyses book.

During fiscal year 1973, the Administrative Officer had updated only 14 of approximately 136 menu items. The restaurant manager stated that he did not receive the food cost analyses on a regular basis. In addition, at the request of the restaurant manager, the Accounting Officer updated 18 analyses, but only one was included in the Master Analyses book. In view of the current increases in food cost, these analyses have become increasingly important.

On December 21, 1973, the Architect advised us that a program had been inaugurated to insure that food cost analyses are updated and maintained on a current basis.

SCOPE OF AUDIT

Our audit was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary.


OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements of the United States Senate Restaurants (schs. 1, 2, and 3) on the basis of the accounting records maintained by the Senate Restaurants' Accounting Office. Transactions were recorded on an accrual basis except equipment and furnishings purchased

with the restaurants' funds were expensed when acquired rather than over the period of their useful lives. The statements do not include the cost of equipment and furnishings acquired with funds appropriated to the Architect of the Capitol or the cost of certain benefits and services, such as space, ordinary building repairs and maintenance, utilities, trash disposal, menus and forms printed by the Government Printing Office, and services of the staff of the Architect of the Capitol, all of which are furnished to the restaurants without charge.

In our opinion, the financial statements (schs. 1, 2, and 3) which were prepared in accordance with the accounting practices and financial arrangements described above and on a basis consistent with that of the preceding year, except for the items paid from the Senate Office Building appropriation and described on page 3, present fairly the financial position of the United States Senate Restaurants at June 30, 1973, the results of its operations, and the changes in its financial position for the fiscal year then ended.

Sincerely yours,

  
Comptroller General  
of the United States

UNITED STATES SENATE RESTAURANTS  
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1973, AND JUNE 24, 1972

	<u>June 30, 1973</u>	<u>June 24, 1972</u>
ASSETS		
CASH:		
Funds with U.S. Treasury	\$139,350	\$139,381
Undeposited receipts	20,676	14,632
Petty cash and charge funds	<u>8,500</u>	<u>8,500</u>
	\$168,526	\$162,513
ACCOUNTS RECEIVABLE	33,917	16,980
INVENTORIES:		
Food, beverages, merchandise, and supplies, at cost	38,934	30,560
China, glassware, and silverware	<u>29,445</u>	<u>23,561</u>
	68,379	54,121
Total assets	<u>\$270,822</u>	<u>\$233,614</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Amounts due vendors	106,355	60,900
Net payroll and benefits	23,431	37,396
Federal and D.C. taxes withheld	5,862	7,274
Employees' accrued leave	48,007	42,422
Unclaimed wages	1,270	1,322
Accrued vending machine rentals	<u>-</u>	<u>60</u>
Total liabilities	<u>\$184,925</u>	<u>\$149,374</u>
EQUITY OF THE UNITED STATES SENATE:		
Contributed capital	51,200	51,200
Capitalization of inventory of china, glassware, and silver- ware, July 1, 1967	36,361	36,361
Operating funds:		
Balance at beginning of year	<sup>a</sup> -3,322	-25,019
Current year appropriations	<u>350,000</u>	<u>375,000</u>
	346,678	349,981
Less net loss for fiscal year	<u>348,342</u>	<u>353,302</u>
	-1,664	-3,321
Total equity	<u>85,897</u>	<u>84,240</u>
Total liabilities and equity	<u>\$270,822</u>	<u>\$233,614</u>

<sup>a</sup> Dollar difference from last year's figure due to rounding.

SCHEDULE 2

UNITED STATES SENATE RESTAURANTS

COMPARATIVE STATEMENT OF OPERATIONS

FOR THE FISCAL YEARS ENDED JUNE 30, 1973, JUNE 24, 1972,

JUNE 26, 1971, AND JUNE 27, 1970

	Fiscal year ended June 30, 1973		Fiscal year ended June 24, 1972		Fiscal year ended June 26, 1971		Fiscal year ended June 27, 1970	
	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales
SALE OF FOOD AND BEVERAGES:								
Regular	\$1,297,460	88.8	\$1,089,329	88.4	\$ 958,550	86.7	\$1,022,355	88.0
Catering	163,215	11.2	143,437	11.6	146,796	13.3	139,927	12.0
Total	1,460,675	100.0	1,232,766	100.0	1,105,346	100.0	1,162,282	100.0
Cost of food and beverages sold	684,073	46.8	557,964	45.3	464,598	42.0	485,804	41.8
GROSS PROFIT	776,602	53.2	674,802	54.7	640,748	58.0	676,478	58.2
OPERATING EXPENSES:								
Salaries and wages:								
Straight time	894,450	61.2	794,985	64.5	902,621	81.7	897,560	77.2
Overtime	75,803	5.2	94,273	7.6	70,252	6.3	60,585	5.2
Leave expense	64,860	4.4	33,482	2.7	71,058	6.4	74,630	6.4
Employee meals	47,882	3.3	41,477	3.4	37,534	3.4	31,233	2.7
Employee benefits	73,127	5.0	63,465	5.2	74,643	6.8	66,597	5.7
Laundry and uniforms	50	-	8,737	.7	54,678	5.0	53,878	4.6
Paper supplies	2,235	.2	11,212	.9	40,734	3.7	33,863	2.9
Cleaning supplies	10,001	.7	9,704	.8	21,059	1.9	19,526	1.7
Miscellaneous	6,705	.5	8,544	.7	11,759	1.1	11,412	1.0
China, glassware, and sil- verware	23,366	1.6	-	-	-	-	-	-
Kitchen utensils	5,711	.4	26,243	2.1	30,912	2.7	29,161	2.5
Vending machine rentals	1,508	.1	180	-	-	-	-	-
Total	a,b1,205,698	82.6	b,c1,092,302	88.6	1,315,250	119.0	1,278,445	109.9
LOSS ON FOOD AND BEVERAGE OPERATIONS	429,096	29.4	417,500	33.9	674,502	61.0	601,967	51.7
CIGARSTAND MERCHANDISE:								
Sales	292,997	100.0	221,430	100.0	187,797	100.0	159,497	100.0
Cost of sales	219,914	75.0	165,854	74.9	140,485	74.8	121,595	76.2
PROFIT ON CIGARSTAND OPERA- TIONS	73,083	25.0	55,576	25.1	47,312	25.2	37,902	23.8
NET PROFIT FROM SALES OF NEWSPAPERS	d1,960	-	d2,409	-	-	-	-	-
VENDING MACHINE COMMISSIONS	5,711	-	6,213	-	6,763	-	7,644	-
NET OPERATING LOSS	348,342	-	353,302	-	620,427	-	556,421	-
EQUIPMENT EXPENDITURES	-	-	-	-	2,665	-	463	-
NET LOSS FOR THE PERIOD	a\$ 348,342	-	b\$ 353,302	-	\$ 623,092	-	\$ 556,884	-

<sup>a</sup>Does not include \$436,823 which, as provided for by Public Law 92-342, was paid from or obligated against the fiscal year 1973 Senate Office Building appropriation for expenses which in years before 1972 were paid from the Senate Restaurants Revolving Fund. This amount was for personnel compensation, \$263,641; personnel benefits, \$22,581; other services, \$62,070; and supplies and materials, \$88,531.

<sup>b</sup>Includes operating expenses for the cigarstands.

<sup>c</sup>Does not include \$398,291 which, as provided for by Public Law 92-51, was paid from or obligated against the fiscal year 1972 Senate Office Building appropriation.

<sup>d</sup>In years before 1972 the net profit from sale of newspapers was included in cigarstand sales.

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UNITED STATES SENATE RESTAURANTS  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 1973

## FUNDS PROVIDED BY:

Sales	\$1,761,343
Appropriations	<u>350,000</u>

Total funds provided	<u>\$2,111,343</u>
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## FUNDS APPLIED TO:

Cost of merchandise sold	\$ 903,988
Salaries and wages	1,156,123
Other operating expenses	49,574
Increase in working capital	<u>1,658</u>

Total funds applied	<u>\$2,111,343</u>
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## ANALYSIS OF CHANGES IN WORKING CAPITAL

## INCREASE OR DECREASE (-) IN CURRENT ASSETS:

Cash	\$ 6,013
Accounts receivable	16,937
Inventory of food, tobacco, and beverages	8,374
Inventory of china, glassware, and silverware	5,886

INCREASE (-) OR DECREASE IN CURRENT  
LIABILITIES:

Amounts due vendors	-45,455
Net payroll and benefits	13,965
Federal and D.C. taxes withheld	1,411
Employees' accrued leave	-5,585
Accrued vending machine rentals	60
Unclaimed wages	<u>52</u>

Increase in working capital	<u>\$ 1,658</u>
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U. S. SENATE RESTAURANT

FISCAL YEAR 1973

ACCOUNTING PERIOD

STATEMENT OF OPERATIONS

Year to Date  
June 28, 72 - June 30, 73

Dirksen Bldg.

	COMBINED OPERATIONS		Capitol		Snack Bar		Coffee Shop		Russell Cig. St.		Vending Machine		Cigar Stand		Cafeteria		Senator's Dr.		Carry Out		
	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	
<b>FOOD</b>																					
SALES	1297,460	88.8	257,467	78.6	58,470		174,877		-0-		31,173		-0-	569,814	85.9	23,097		182,561			
Food														93,309	14.1						
Catering	163,215	11.2	69,906	21.4																	
<b>TOTAL</b>	1460,675	100.0	327,373	100.0	58,470	100.0	174,877	100.0	-0-		31,173	100.0	-0-	663,123	100.0	23,097	100.0	182,561	100.0		
<b>COST OF FOOD SOLD</b>	684,073	46.8	159,206	48.6	28,264	48.3	77,909	44.6	-0-		16,263	52.2	-0-	308,989	46.6	11,008	47.7	82,434	45.2		
<b>GROSS PROFIT ON FOOD</b>	776,602	53.2	168,167	51.4	30,206	51.7	96,968	55.4	-0-		14,910	47.8	-0-	354,135	53.4	12,088	52.3	100,127	54.8		
<b>OPERATING EXPENSES</b>	894,450	61.2	303,327	92.7	17,891	30.6	44,146	25.2	5,817	7.0	6,021	19.3	9,744	6.4	422,078	63.6	28,212	122.1	57,204	31.3	
Labor: Straight Time																					
Overtime	75,803	5.2	49,525	15.1	3,577	6.1	4,693	2.7	1,005	1.2	734	2.4	201	0.1	13,025	2.0	758	3.3	2,285	1.3	
Leave Expense	64,860	4.4	21,921	6.7	1,321	2.3	3,185	1.8	424	0.5	416	1.3	757	0.5	30,547	4.6	2,189	9.5	4,102	2.2	
Employee Meals	47,882	3.3	14,653	4.5	760	1.3	2,908	1.7	-0-		-0-		-0-		25,678	3.9	1,187	5.1	2,697	1.5	
Employee Benefits	73,127	5.0	24,474	7.5	1,481	2.5	3,659	2.1	455	0.5	463	1.5	862	0.5	34,604	5.2	2,461	10.7	4,668	2.6	
<b>TOTAL LABOR COSTS</b>	1156,123	79.1	413,899	26.5	25,029	42.8	58,590	33.5	7,700	9.2	7,643	24.5	11,564	7.5	525,933	79.3	34,807	150.7	70,657	38.9	
Vending Machine Rental	1,507	0.1									1,507	4.8									
Laundry	50	-0-	50	-0-																	
Paper Supplies	2,235	0.2	196	0.1	198	0.3	434	0.2	2	-0-	36	0.1	6	-0-	737	0.1	-0-		625	0.3	
Cleaning Supplies	10,001	0.7	4,291	1.3	63	0.1	423	0.2	-0-		4	-0-	-0-	-0-	5,105	0.8	-0-		115	0.1	
Miscellaneous Expense	6,705	0.5	2,075	0.6	87	0.2	519	0.3	27	-0-	29	0.1	285	0.2	3,264	0.5	145	0.6	274	0.2	
Kitchen Supplies	5,711	0.4	3,305	1.0	-4	-0-	794	0.5	-0-		-0-		-0-		1,525	0.2			83	-0-	
Replacements	23,366	1.6	7,348	2.3											15,286	2.3	532	2.3	-0-		
<b>TOTAL OPERATING EXPENSES</b>	1205,697	82.6	431,365	31.8	25,381	43.4	60,760	34.7	7,729	9.2	9,219	29.5	11,855	7.7	551,850	83.2	35,484	153.6	72,055	39.5	
<b>PROFIT OR (LOSS) ON FOOD OPERATIONS</b>	(429,096)	(29.4)	(263,197)	80.4	4,825	8.3	36,208	20.7	(7,729)	(9.2)	5,651	18.3	(11,855)	(7.7)	(197,715)	(29.8)	(23,396)	(101.3)	28,072	15.3	
<b>CIGAR STANDS</b>																					
SALES	292,997	100.0	56,031	100.0					83,551	100.0			153,416	100.0							
<b>COST OF SALES</b>	219,914	75.1	43,875	78.3					63,135	75.6			112,904	73.6							
<b>PROFIT OR (LOSS) ON CIGAR STAND OPERATIONS</b>	73,083	24.9	12,156	21.7					20,415	24.4			40,512	26.4							
Newsstand	1,960		369										1,591								
Vending Machines Commissions	5,711										5,711										
<b>NET PROFIT OR (LOSS) ON OPERATIONS</b>	(348,342)		(250,673)		4,825		36,208		12,687		11,402		30,247		(197,715)		(23,396)		28,072		
<b>EQUIPMENT EXPENDITURES</b>																					
<b>NET INCOME OR (DEFICIT)</b>	(348,342)																				

NOTE: CENTS HAVE BEEN OMITTED; THEREFORE, COLUMNS WILL NOT FOOT.

BEST DOCUMENT AVAILABLE

EXHIBIT